



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE:

May 18, 2016

DEPARTMENT:

Human Resources

DIVISION:

- ☐ Motion
- ☐ Resolution
- ☐ Ordinance - Introduction
- ☒ Ordinance - Adoption
- ☐ Public Hearing

TITLE:

Establishment of a Workers' Compensation Trust and a Worker's Compensation Trust Board

SUMMARY RECOMMENDATION:

Adopt an Ordinance establishing a Workers' Compensation Trust and a Worker's Compensation Trust Board.

REPORT:

Arizona Revised Statutes ("A.R.S.") § 23-962 requires cities to secure workers' compensation on behalf of their employees. One method of complying with A.R.S. § 23-962 is to establish a self-insurance program for the management and administration of workers' compensation ("Workers' Compensation Program"). Although the City of Yuma ("City") has had a Workers' Compensation Program for several years, A.R.S. § 11-981 now requires the City to establish and maintain a trust fund and a trust board to manage and administer the Workers' Compensation Program and the Workers' Compensation Program's assets and liabilities. A.R.S. § 11-981 also requires cities to designate a licensed insurance administrator.

The City must establish a trust fund and trust board to administer the trust fund to remain in compliance with state law and the requirements set forth by the Industrial Commission of the State of Arizona, which is vested with authority to approve self-insurance programs involving workers' compensation. There will be no changes to the way the workers' compensation claims are processed. The only change to the Workers' Compensation Program is the addition of the Trust Board to oversee the financials of the Workers' Compensation Program.

Pursuant to A.R.S. § 11-981, the trust board will be comprised of five trustees, with no more than one City employee serving on the board. The City's Director of Finance will serve as the Chief Financial Officer (CFO) of the board and four other members will be appointed by City Council to serve on the board. One of the four may be a councilmember. The City's Director of Human Resources will assist the board by serving as the plan administrator. The board will meet quarterly to administer the trust fund by reviewing claim expenses and reserve amounts. The board will also authorize an annual audit of the financials, conducted by an external auditor, and any payments owed to the third-party administrator, who is responsible for processing the claims.

By approving this ordinance, the City Council is establishing a Workers' Compensation Trust that shall be administered by a board of trustees.

FISCAL REQUIREMENTS	CITY FUNDS:	\$0.00	BUDGETED:	\$0.00
	STATE FUNDS:	\$0.00	AVAILABLE TO TRANSFER:	\$0.00
	FEDERAL FUNDS:	\$0.00	IN CONTINGENCY:	\$0.00
	OTHER SOURCES:	\$0.00 \$0.00 \$0.00	FUNDING FOR THIS ITEM IS FOUND IN THE FOLLOWING ACCOUNT / FUND / CIP:	
	TOTAL:	\$0.00		
	FISCAL IMPACT STATEMENT:			
ADDITIONAL INFORMATION	SUPPORTING INFORMATION NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT IS ON FILE IN THE OFFICE OF THE CITY CLERK: 1. 2. 3. 4. 5.			
	IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL? <input type="radio"/> Department <input checked="" type="radio"/> City Clerk's Office <input type="checkbox"/> Document to be recorded			
SIGNATURES	CITY ADMINISTRATOR:		DATE:	
	Gregory K. Wilkinson		4/25/2016	
	REVIEWED BY CITY ATTORNEY:		DATE:	
	Steven W. Moore		4/25/2016	
	RECOMMENDED BY (DEPT/DIV HEAD):		DATE:	
Ron Corbin		4/12/2016		
WRITTEN/SUBMITTED BY:		DATE:		